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ABSTRACT

New York State has achieved a remarkable record of extending higher educational opportunities to an increasing proportion of its young people. Now, however, the State faces a point of collision between the demands for more higher educational opportunities and the resources to provide them. The regents of the State University of New York present in this document a set of principles and objectives and a statement of specific proposals to meet higher education needs in the coming years. Two appendices contain a table of family income levels and proposed scholar incentive awards, and a review of education engineering in the New York City Metropolitan area. (Author/HS)

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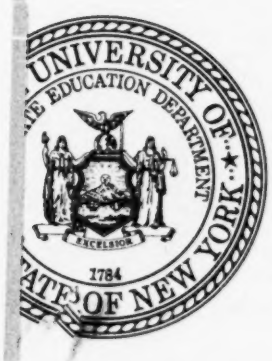

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FINANCING HIGHER EDUCATION NEEDS in the DECADE AHEAD

A Statement of Policy
and Proposed Action
by the
REGENTS OF THE
UNIVERSITY OF THE
STATE OF NEW YORK

THE STATE EDUCATION DEPARTMENT
ALBANY
JANUARY 1972

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EWALD B. NYQUIST

FOREWORD

New York State is committed to providing every high school graduate with access to its system of post-secondary education on terms he can afford and under conditions which provide him with a reasonable chance for success. But, in these times of fiscal constraints, we face the grim prospect of reduced enrollment opportunities when we are within a hand's grasp of achieving full opportunity.

The Regents propose a long-term plan for financing higher education which also provides for expanding educational opportunity during the 1972–73 academic year. Through a judicious rearrangement of present financing, the Regents recommend a program within the State's fiscal capability.

We urge that the Regents program be given favorable consideration by the Governor, the Legislature, the higher education community, and the public at large.

Ewald B. Nyquist
Commissioner of Education

January 1972

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I.

THE EXTENSION OF HIGHER EDUCATION IN NEW YORK STATE

New York State has achieved a remarkable record of extending higher educational opportunities to an increasing proportion of its young people.

Only a decade ago New York State ranked among the lowest of the states nationally in public support of higher education. Today it is in the top quarter. The State has accomplished in a decade what many other states took a century to accomplish.

Until recently, New York State had relied primarily upon its private colleges and universities for the provision of post-secondary educational opportunities.

A decade ago, public higher education was offered in the City of New York through the municipal college system which served a relatively small number of extremely able and largely middle-income students. A little more than a decade ago, State University was still in its embryonic stages, noted primarily for its teachers colleges and a small number of 2-year institutions. State support of collegiate programs, public and private, was less than $111.2 million in 1961.

Numerical data tell only part of the story of the dramatic growth of higher education during this past decade, but even they are impressive. Full-time undergraduate enrollment at institutions of higher education in New York State more than doubled during this past decade, from 209,000 in 1961 to 439,000 in 1970. The number of colleges and universities in the State has increased from 192 in 1961 to 226 in 1970. Most important of all, first-time freshmen at colleges and universities in New York rose from 39 percent of the number of high school graduates in 1961 to 62 percent in 1970 during a period of time when the number of high school graduates had risen dramatically, so that the impact in total numbers is even more significant. This rapid and unprecedented extension of educational opportunity has been made possible by the deep financial commitment that New York State has made to its higher educational enterprise. In 1969–70, the State spent over $625 million for its higher educational system. Students attending all institutions, public and private, share the benefits of State support.

During this past decade, the State has increased its support of The City University system by $100 million, permitting it to expand from eight to 20 institutions offering programs of study through the doctorate. Initially with full State funding, The City University pioneered with the first major program for disadvantaged students in the country, establishing a model not only for its open admissions program but for a similar program at SUNY and at private institutions. State support also permitted the development of doctoral studies at CUNY, the expansion of teacher education programs, enrollment expansion leading to an open admissions policy in 1970, the growth of a 2-year college system within the city, and the development of a facilities plan for major new construction.

In little more than a decade, the State literally organized, built, and developed a major State university system which rivals in size, scope, and quality many state systems which were 100 years in the making. This unique effort required an investment of almost $2 billion in facilities in this decade and operating budgets which now exceed $650 million annually. The State University system encompasses institutions offering programs of study at every level in almost every discipline to over 272,000 students. In 1960, a far smaller number of programs was available for 71,000 students.

Although the largest portion of State support has understandably been directed to public institutions, State support for private higher education has been substantial also. The State annually provides over $100 million in support of private higher education through direct State aid, support of Regents scholarship and scholar incentive programs, and categorical aid for disadvantaged students, medical and nursing programs, the Einstein and Schweitzer Chairs, and contract colleges located at private institutions. In addition, through the Dormitory Authority, the State has made possible the construction of over $600 million in facilities at private institutions. Through the New York Higher Education Assistance program, the State makes possible about $100 million annually in loans to students attending both private and public institutions.

Directly and indirectly, the State provided over one-fourth of the $2.3 billion spent by the public and private colleges and universities of New York State in 1969–70.

Not only has this past decade been characterized by major accomplishments in extending higher educational opportunities, but it has also been a period during which the State's colleges and universities have built the foundation for still greater accomplishments in the decade ahead.

TABLE 1

Selected Measures of Growth of Higher Education in New York State 1961–70

	1961	1970	Percent Increase	Proposed Goals for 1975
(1)	(2)	(3)	(4)	(5)
Number of Colleges and Universities	192	226	17.7	226
Full-Time Undergraduate Enrollment	205,516	439,613	113.9	554,100
Total Enrollment	403,199	764,393	89.6	931,600
Full-Time First-Time Freshmen Admissions	64,600	141,600	119.2	163,200
Full-Time First-Time Freshmen As a Percent of That Year's High School Graduates	39.1	60.6	55.0	70
State Support of Higher Education*	$ 111.2	$ 625.3**	462.0	
Educational and General Expenditures by Higher Education Institutions*	$ 616.2	$ 1,924.4	212.0	

* In millions of dollars.
** Fiscal year 1969–70.

The State University of New York has constructed or is in the process of constructing facilities which can accomodate substantially increased enrollments. In addition, it has carefully built faculty strength in major program fields, established many new institutions operating at less than their full enrollment potential, and has begun to implement a series of innovative educational strategies. In short, State University has the physical and educational capability for extending educational opportunities to an increasing proportion of the high school graduating class.

The City University of New York has undergone a major transformation during this past decade, shifting its emphasis from serving a limited number of able students to providing post-secondary opportunities for all high school graduates who seek further education. Despite its limited and often obsolete facilities, CUNY has estab-

lished an open admissions policy, thereby offering the first urban-oriented, full opportunity program in the Nation. The open admissions program has raised hopes among members of New York City's minority communities for a real breakthrough in the poverty-welfare cycle that burdens urban populations, and these hopes are now beginning to be fulfilled.

The 140 private colleges in the State have also undergone a transformation during this past decade. Lacking adequate means for the support of students and unable to tap State funds, private institutions during the fifties and sixties were not able to expand as rapidly as public institutions, with the result that they have come to play a more limited role in meeting the State's total higher educational needs. However, as a result of shifting goals and priorities and with the investment of about $400 million in new facilities from 1967 to 1970, mostly financed through borrowings, private institutions (with only a few exceptions) now stand ready and able to play an important role in extending higher educational opportunities.

The Regents believe that the State's system of higher education has built the foundation for establishing New York State's leadership in collegiate higher education and providing opportunities for post-secondary education for the State's young people that is without parallel in the Nation. The State is close to achieving an important goal which will require reasonable additional investment of public moneys; that goal is collegiate post-secondary educational opportunity for all high school graduates who seek it and have the aptitude to profit from it.

The Regents express their very deep concern that the State's present financial crisis may not only prevent achievement of this goal, but that it could undermine a major part of the State's public and private collegiate system, forcing large-scale cutbacks in enrollments and sharp reductions in freshman admissions at a time when the number of high school graduates is still increasing and the proportion seeking collegiate post-secondary education is still growing. Furthermore, serious financial curtailment at this time means a failure to capitalize on the foundational investments of the past decade.

The Regents believe that the present system of financing higher education, which relies heavily on public subsidy and which grew ad hoc during a period of transition in the 1960's, is inconsistent both with the present and prospective needs of both public and private higher education.

The Regents propose a new system of financing not to "save" any sector of higher education in this State, but rather to permit the continued orderly development of higher educational opportunities.

II.

THE FINANCIAL SITUATION OF NEW YORK'S PUBLIC AND PRIVATE HIGHER EDUCATION

Through the winter of 1971–72, the staff of the Education Department have conducted research studies to determine the financial conditions and prospects of the State's public and private higher institutions.* Some of the findings of those studies strengthen proposals for major reconsideration of the systems for financing higher education in the State and, especially, for a more comprehensive inclusion of the private institutions in such plans as may be developed.

More than 95 percent of the students at the State and City Universities are State residents and almost 80 percent of the students at private institutions are State residents. Given the additional fact that New York State continues to be a net exporter of college students to the extent of more than 50,000 per year, it should be evident that the State's taxpayers' funds are used for the support of State residents and that the often-raised question of how many " foreign " students we are educating should be laid to rest.

There are no significant differences between private and public institutions outside the City of New York in the ratio of minority group students enrolled, the various income groups served, and in the enrollment of economically and educationally disadvantaged students. In fact, the socioeconomic status of students served in upstate institutions correlates not with type of institutional control but with location — suburban, rural, or urban — and with the composition of the population in relevant areas.

In the New York City metropolitan area, however, there are some marked differences between the public and private institutions in the composition of student bodies. The tuition-free policy of The City University coupled, more recently, with its open admissions policy results in high percentages of low-income and minority group students enrolled in its various institutions. Even The City University, however, is subject to the dictates of location, transportation barriers, and differences in population mixes in the five boroughs; the student population of Queens College is quite different from that of The City College.

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* New York State's Higher Education System: Progress and Problems. The State Education Department, January 1972.

At the same time, some of the private colleges and universities of the city enroll quite high percentages of low-income, minority group and disadvantaged students, with the financial support of the State's Higher Education Opportunity Program and by granting significant amounts of unfunded scholarship aid.

Institutional control does not determine differences in costs per student enrolled or, more precisely expressed, expenditures per student per year. In 1970–71, expenditures per student at State University colleges were in the range of $2,000–2,200; the expenditures per student of private institutions ranged much more widely, some operating at levels as low as $1,500–1,700 and others in the range of $2,300–2,500. While the expenditures of the public institutions are set by formulae applied in the budgeting process, those of the private institutions appear to be determined mainly by the wealth or resources available to the institution. Those with small endowments have lower "costs," those with large endowments have higher "costs." Historically, it has been noted that publicly supported institutions, both in New York and other states, can put more funds per student to good use as more funds are made available to them.

Other factors measured in the recent study were student-faculty ratios, rank structures of faculty employed, and faculty salary levels. The principal determinants of the size of these variables appeared to be the size, type, and program-range of the institutions; e.g., universities vs. colleges, rather than institutional control. Here, too, The City University of New York is the exception. Its salary schedule is well above that of both State University and private institutions. This is attributable to factors unique to the city, and City University.

In sum, there is little reason to dwell upon the theme of public versus private and the concomitant themes of which is more productive, efficient, and committed to the public mission. More fruitful is the pursuit of effective means of aiding the private and public institutions to fulfill their goals and to provide incentives for them to plan and operate efficiently.

The State University of New York

The State University of New York has found its budgetary requests significantly reduced in recent years in final adoption by the Legislature. Although its total physical facilities have grown remarkably over these past 10 years and a large number of academic and residential structures are in progress and coming on the line annually, the facilities, until this year, have been occupied and fully utilized

as soon as available. The university's facilities are heavily burdened with debt; the annual debt service has been outrunning the income derived from student tuition charges.

The institution still seeks to fulfill its mandate and to meet as best it can the pressures of students for admission and the demands for facilities and other resources to serve these students. Increases in appropriations for operating purposes in recent years have fallen below those provided earlier to meet expanding enrollments. Appropriations were increased for 1971–72 by $25 million over the prior year. The university was able to allocate $20 million of increased tuition revenues toward operating costs but the total sum of $45 million was consumed largely by "standstill" increases of costs of $35 million. Therefore, only the balance was available to meet increased enrollments through the provision of new faculty and staff positions and other educational costs. Even then, the total appropriation for 1971–72 of $422 million was not available but was reduced by expenditure ceilings to a level of $414 million. In December 1971, the institution was ordered to reduce its spending by another $14 million for the balance of the fiscal year.

It is already apparent to the institution that the $20 million gained by the 1971 tuition increase and used for operating programs during the current year will have to be applied to debt service costs in the new fiscal year. This, combined with the zero-increase budget to which the State University and all other State agencies have been held, creates a $20 million deficiency in total program funds for 1972–73, which will force a major reduction in enrollment goals in this and forthcoming years.

With more than 3 million square feet of new building space becoming available in 1972–73, maintenance and operation costs will rise by some $13 million, and mandated salary increases and annualization of salaries will require another $11.4 million.

Facilities may be under-utilized this year because of budget limitations on operating expenditures even though applications are running over 30 percent above last year (as of December 1971).

The City University of New York

The City University is operating with a budget for the 1971–72 year of $83 million (18 percent) less than it had requested. Three years ago, the senior colleges of CUNY accepted 18,000 students of 29,000 applicants (62 percent) and registered just over 11,000 students. In each of the past 2 years, under the open admissions policy,

these colleges have accepted 36,000–38,000 qualified applicants. Registered students in the current academic year number just under 24,000, more than twice the number registered in the 1969–70 year.

Available facilities space per student enrolled in its various institutional units averages from one-third to one-half that available in the other public and private institutions of the State. Of the space available, two-thirds of that at The City College either requires major rehabilitation or should be abandoned; 97 percent of the space at Baruch College needs rehabilitation. The amount, quality, and condition of the facilities at some of the other city institutions, especially the community colleges, remains well below acceptable standards.

The City University is operating under the most severe space limitations and is seeking acceleration of its present and planned construction programs. Budgetary limitations threaten the university's ability to continue the institution's open admissions policy.

Community Colleges of New York State

While no effort was made to poll the individual community colleges of the State concerning their financial situation and problems, it is well known that those institutions also face heavy enrollment pressures and that a number of them have budgetary problems and need additional facilities.

The community colleges, like the public elementary and secondary school systems of the State, are dependent upon local tax and revenue systems for a significant portion of their operating budgets. There are considerable differentials in the full value of real taxable property, in commercial and industrial activity, and in per capita income among the counties of the State. Hence, there are concomitant disparities in the ability of the counties to finance their community colleges.

The Private Colleges and Universities of New York State

The financial and other problems of New York State's private higher institutions are not comparable with those of the private sectors of other states because of the total size and scope of the private sector in New York, its historical development, and its relationship, primarily, to the size and growth of the State University which has seen its major development over the past 10 years.

A survey of the private institutions of the State conducted during November and December of 1971 indicates that 13 of the 107 insti-

tutions surveyed are in serious financial difficulty at the present time. Fifty-eight institutions are considered financially vulnerable while only 27 institutions appear to have satisfactory financial prospects for the near term future.

The Bundy aided institutions anticipate total deficits for the 1971–72 year of some $50 million. Inclusion of the unaided 4-year and 2-year institutions raises the total anticipated deficit to the neighborhood of $60 million for the current year.

The six major universities account for more than $30 million of these deficits or more than half the total.

The trend of recent years is evident in the increasing deficits of the Bundy aided institutions from a level of $4.3 million in 1966–67 to $35 million in 1969–70. In the 1970–71 year, the deficits of these institutions reached some $50 million.

Tuition and fee income continues to be the principal source of funds for the private institutions and tuition rates have risen to high levels. Tuition rates now average $2,600 per year for the major universities and almost $2,400 per year for the large private colleges. The high and rising tuition rates continue to pose a major problem for the private institutions in the recruitment and retention of a diversified student body.

A survey conducted by the Commission on Independent Colleges identified substantial underenrollments at private institutions throughout the State. The results of the survey suggest that private institutions in the State have the capacity to admit 15,000 additional first time freshmen per year between 1971 and 1975. Full utilization of these resources should be provided in planning to meet educational needs through 1980. Such full utilization will have the added advantage of enabling private institutions to operate on a more nearly self-sustaining basis.

As a result of the claims that " open admissions " has reduced enrollments at private institutions in New York City, the State Education Department undertook a study of the impact of open admissions on citywide enrollments. The study found that out of the 17,300 additional freshmen admitted to The City University under open admissions, only 1,300 were drawn from private institutions.

In moving to an open admissions policy, The City University extended opportunities to students who ranked in the bottom half of the graduating class. Most private colleges do not regard such students as qualified, and the few who do cannot admit them without State subsidy to finance tuition and special remedial services.

Private institutions face serious fiscal problems arising primarily from enrollment below planned levels, both in New York City and

in the rest of the State. If there is a villain in this piece, it seems to be the high tuition rates at private institutions that have risen beyond the means of all but the most affluent students.

The Regents continue their support of The City University's open admissions policies. The Regents believe that the most rational and effective way to increase enrollments at private institutions is through significant reductions in their tuition levels which will enable larger numbers of low- and middle-income students to attend them.

III.

PRINCIPLES GOVERNING PROPOSED FINANCIAL PLAN

Goals

The goal of the State is to provide every high school graduate with access to its system of post-secondary education on terms he can afford and under conditions which provide him with a reasonable chance for success. Thus, the State should continue its policy of extending educational opportunities to larger segments of the population as rapidly as its fiscal resources permit and with the objective of realizing a full-opportunity program by 1980. Special efforts should be continued to accommodate increased numbers of economically and educationally disadvantaged students.

Highest priority should be accorded to the extension of educational opportunities despite fiscal constraints. Recognition of this priority requires that the higher educational community find ways to be more effective with a broader spectrum of students. Institutions must find additional sources of revenue, both through increased Federal, State, and local support and through increased tuition charges to students based upon their ability to pay.

The achievement of this goal requires that the number of first time freshman places be increased from 141,000 in 1970 to 181,500 by 1980 and that full-time enrollments increase by about 5 percent a year during the next decade. Most of the new freshman places will be needed outside the City of New York, permitting upstate residents to have the same educational opportunities now available to residents of the City of New York.

Full Utilization of Higher Educational Resources

The resources of public and private institutions are needed to meet this goal. Since it is also important both to society and the individual to retain a pluralism and a diversity of options for higher education, and since the contribution of both public and private institutions serve the common public interest, financial arrangements need to be made which insure the continuation of a mutually supportive system of public and private institutions.

Coordination of effort among public and private institutions on a regional basis is essential in order to maintain an efficient and effective system of higher education.

Public aid for private and public institutions must be accompanied by measures which assure due accountability to the public for the public funds received, for the effectiveness of the educational programs offered, and for the diversity of the student bodies served.

Sharing the Burden of Financing Higher Education

The costs of higher education are high and continue to rise at a rate exceeding rises in the national price level. The Regents believe that extensive efforts should be made to bring higher education costs under better control. Unless brought under control, the costs of higher education will limit opportunities because the costs will extend beyond the means of students and governments to meet them. *Uncontrolled cost increases are potentially the most significant obstacle to the extension of higher educational opportunities.*

The Federal Government should assume a greater responsibility for helping finance higher education through categorical programs of aid to help meet pressing national needs, grants and loans to students, and direct subsidy of public and private institutions. The Federal cutback in research funds has seriously undermined institutions with major commitments to extending the frontiers of knowledge for our society.

Federal support should be increased to meet national manpower needs in certain professional fields, and support of these programs should not be a State burden because personnel so trained serve the Nation as a whole. Federal support for programs directed at increasing enrollment of minority populations should also supplement State financing because equalizing educational opportunities is an avowed national goal.

The State's colleges and universities anticipate substantial increases in general aid from the Federal Government. General aid will help institutions meet increased costs while stabilizing tuition levels, and will provide funds for innovation and improvement in quality.

Individual students must be expected to bear some part of the cost of financing their college education through work or contributions from their families. At the same time, since society benefits at least as much as the individuals who receive a higher education, any trend to place an unduly increased share of the burden of costs on the individual must be forestalled as inequitable.

Tuition and/or fee charges should be scaled to ability to pay and related to the cost of instruction of the program in which the student is enrolled.

Students from low and low-middle income families should be given increased opportunities to attend private as well as public institutions through partial or full subsidy of their college-going costs.

Loan arrangements as the sole or principal means of financing college-going costs for undergraduate students place too heavy a burden upon them. Reliance upon loan arrangements should be minimized for undergraduates, especially during their first 2 years of college. However, deferred tuition arrangements and student loan programs are appropriate complementary aid programs for certain classifications of students. They are especially appropriate to help students finance their education in certain high cost programs, as medicine, dentistry, and graduate studies, where the expected future income benefits to the students may be available to help repay the loans.

State aid for public and private higher education should be expanded during the 1972–73 fiscal year in order to achieve a more equitable and balanced system for financing higher education. Although such an expansion may have to be modest in light of the State's fiscal crisis, the small increment of State funding required can result in significant and continued extension of educational opportunity. Adherence to a zero-increase budget for enrollment expansion for higher education will result in sharp curtailments in freshman admissions at SUNY, abandonment of open admissions at CUNY, and the possible closing of some public and private institutions.

Objectives

New financing arrangements for higher education are recommended in accordance with these principles to accomplish the following specific objectives:

1. Permit both private and public institutions in the State to meet enrollment goals for 1972–73 provided for in the Regents Statewide Plan, permitting expansion of enrollment this coming academic year by 40,000 full-time undergraduate students.
2. Establish a more rational tuition policy for students attending public and private institutions which takes into account ability to pay, level of instruction and cost of instruction, and covers part-time as well as full-time students.
3. Fund the continued expansion of enrollment at the State University of New York for 1972–73 in accordance with the enrollment commitments of the university.

4. Insure the continuation of The City University's open admissions program by providing the university with adequate funds for continuation of the program.
5. Increase the freshman class at private institutions by approximately 10,000 students by reducing the cost of higher education at such institutions for low and low-middle income students. The reduction in tuition costs would be achieved through increases in aid available through the State scholar incentive program.
6. Increase college-going opportunities for students from low-income families by reducing substantially or eliminating tuition charges for such students at all public and private institutions. Since students from low-income families tend to be students most in need of remedial education, private institutions, by attracting a larger portion of low-income students, will increasingly share with public institutions this important public mission.
7. Make more consistent the present system of governance and financing of community colleges by transferring responsibility for such colleges from county governments to the City and State University systems.
8. Provide increased financial support for the construction programs of City and State University by increasing revenues in support of their construction programs and through the extension of construction fund financing to the community colleges.
9. Establish regional arrangements for coordinated planning of program and facilities development at both private and public institutions.
10. Establish increased accountability on the part of public and private institutions for tuition policies, for enrollment priorities, for the effectiveness of the educational programs offered, and for the diversity of the student bodies served.
11. Encourage private and public institutions to increase their efficiency and effectiveness through increased reliance upon time-shortened programs of study, more effective use of the resources available in the secondary school system, and increased use of independent study and tests of proficiency to measure competence obtained outside the formal classroom setting.

IV.

REGENTS PROPOSALS

1. *Meeting the Financial Needs of Public Higher Education Through a Tuition System Scaled to Ability To Pay*

a. The State and city university systems should be provided with adequate funds to permit them to meet their most pressing financial needs and enable them to accommodate the increased enrollments to which they are committed.

b. Financing their expansion will require increased tuition charges. Full-time undergraduate students from families with net taxable income of $9,000 or less shall have their tuition fully covered by scholar incentive awards. Tuition charges should be adopted for students attending all public higher institutions throughout the State. Tuition charges (net of scholar incentive awards *) should be scaled to ability to pay and related to level of study.

c. Net tuition charges should be established at lower levels in the community colleges than at 4-year institutions. Tuition charges at 4-year colleges should be lower in the first 2 years and higher in the last 2 years. Students should be expected to cover a larger portion of the costs of their education in their third and fourth years of undergraduate study and graduate study.

Scholar incentive payments would be available on a pro rata basis for part-time undergraduate students working actively toward a degree.

d. The level of net tuition charges established for the forthcoming fiscal year should be sufficient to cover the increased budgetary needs of the public institutions.

e. State expenditures for expansion of public higher education in future years should be based on a policy that provides for a stabilized percentage of student sharing of educational costs. The schedule of scholar incentive payments should be adjusted periodically as tuition rates change.

2. *The City University of New York Should Be Continued as a Separate System of Public Higher Education*

The State University of New York already serves the largest student body in the country. Increasing its size and span of control would

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* See appendix A.

lead to an institution of unparalleled size, complexity, and power, and would raise questions about governance, equality of opportunity, and diversity of educational experience.

As a guarantee of its separateness, the City of New York should continue its present level of contribution in support of The City University senior college system. Financing of subsequent increases of The City University's budget should be a State responsibility.

The Governor should be given power of appointment over one-third of the members of the Board of Higher Education.

3. *Tuition Reductions at Private Institutions Through Increased Scholar Incentive and Matching Institutional Scholarships*

a. An increased schedule of scholar incentive payments should be established for students attending eligible private institutions, thus providing reductions in net tuition charges, especially for students from families in the lowest income brackets.

The new schedule should be scaled to a level which reduces substantially the costs of higher education for low and low-middle income students.

The Regents recommend a schedule of scholar incentive payments to eligible undergraduate and graduate students ranging up to $1,500 per year, to be phased in over 2 years beginning with the 1972–73 academic year. The first year's program would provide aid up to $1,200 per year; the second and succeeding years would provide aid up to $1,500.

Scholar incentive payments would range from 0 to $1,500, depending on net taxable family income per student attending college.* In terms of gross income, students from families with income under $6,000 would receive full reimbursement for tuition, and no benefits would be available to students with family income levels above $25,000.

Full scholar incentive payments would be available to undergraduate students during their first 2 years of full-time attendance at college, and the benefits would drop to 80 percent of the original benefit in the third year and 60 percent of the benefit in the fourth and subsequent years of undergraduate study.

No change would be made in the Regents scholarship program and students could receive benefits under both, but not exceeding the cost of tuition.

Scholar incentive benefits would be available on a pro rata basis for part-time undergraduate students working actively toward a degree.

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* See appendix A.

b. In order to assure that increased scholar incentive benefits would be passed on to students, a student would be deemed eligible only if he attended a private institution which agreed to:

(1) Limit tuition increases in any year to an amount tied to the rate of increase of costs per student at a public institution plus an amount needed to cover debt service on approved new construction.

(2) Establish a program of matching scholarship aid, which at the minimum, would provide for scholarships equal to one-third of the scholar incentive payment for students from families with net taxable income of $9,000 or less, except that institutions would not be required to provide such scholarships if the effect would reduce tuition at the private institution below the level which the student would pay at a public institution.

An appropriate independent board should be established by the Regents to monitor the program and grant tuition increases above the limits in special hardship situations.

Under the plan, when fully phased in, tuition costs for low and low-middle income students attending private institutions would be substantially reduced, thereby increasing the opportunities for students from low-income families to attend private institutions. The following table illustrates the net tuition charges for students attending private institutions during their first 2 years, by income level and for three types of private institutions.

TABLE 2.

Illustrative Net Tuition Costs to Students Attending Private Institutions*

Net Taxable Balance	Low Cost Institution ($1,500 tuition)	Moderate Cost Institution ($2,100 tuition)	High Cost Institution ($2,700 tuition)
$ 2,000	$ –0–	$ 100	$ 700
4,500	200	375	975
6,500	400	625	1,225
8,500	600	900	1,500
11,000	1,000	1,525	2,100
13,000	1,200	1,700	2,300
15,500	1,400	2,000	2,600
20,000	1,500	2,100	2,700

* The " net tuition cost " is the tuition charge less scholar incentive benefits and institutional scholarship grants. Net costs to students might be lower by virtue of other scholarships or grants received by them.

The New York City Regional Council, broadly representative of public and private institutions, has recommended that a cooperative program involving The City University and private institutions be established to enable students from low-income families in New York City to attend private institutions. Under the plan, The City University would allocate funds up to the level of funding per student at The City University for each low-income student who wishes to attend a participating private institution, subject to the available places. The program would operate under the supervision of a lay board.

The Regents believe that a New York City college admissions center could be useful to help New York City residents apply to the college of their choice. The Regents believe, however, that support for low-income students is best accomplished through the proposed scholar incentive program. If, however, the State's fiscal problems do not permit a substantial increase in scholar incentive benefits, the plan proposed by the New York City Regents Advisory Council should be considered as an alternative measure.

c. The State should enlarge its financial support of the student loan programs by extending interest subsidies and loan guarantees to students from families whose incomes are between $15,000 and $25,000. This measure would be necessary only if pending Federal legislation extending such subsidies and guarantees is not enacted into law.

4. *Regional Arrangements for More Effective Coordination of Higher Education Planning*

More effective measures for coordinated planning, program development, and construction are recommended. While recognizing that many institutions in the State serve statewide and national educational needs, there are many more that relate directly to meeting regional educational needs. Further, whether they serve regional or broader needs, educational institutions in geographical proximity to one another can mutually benefit from shared planning and even shared use of their physical and educational resources.*

The Regents view their role as that of a planning and coordinating body to assure the orderly development of higher education. They believe that operating functions should not be a Regents responsibility. However, they do believe that separately appointed regional boards should be constituted to conduct cooperative programs involving both public and private institutions.

Regional boards of higher education appointed by the Regents, after consultation with representatives of State University, The City

* See appendix B for the Regents resolution on engineering education in the New York City metropolitan area.

University, and the private institutions, are proposed. The boards would have legal authority for review and recommendation to the Regents of all capital construction plans, major new program plans, and coordinated operating arrangements among institutions of higher education.

Each board shall also formulate a plan to provide for joint or cooperative programs, services, and arrangements which may include, but not be limited to, admissions, educational services, faculty and administrative staffs, use of library, educational media, research, and laboratory facilities. The board would provide service in accordance with plans approved as part of the Regents Statewide Plan.

The regional boards would be appointed by the Regents for 5-year terms and would be broadly representative of the institutions in the region. The Regents should retain final approval for all recommendations of the boards in order to assure that both statewide and regional needs are taken into account.

Through the boards, the Regents would review and approve all new facilities requiring public funding or funding through a State agency or authority. The Dormitory Authority or the State and The City University Construction Funds would not be able to approve proposals for facilities construction without prior Regents approval. Such approval would relate solely to enrollment and program needs and space utilization factors and not to questions of design or engineering.

The Regents would not register degree offerings or major programs of study at any institution unless the program received prior planning approval.

The regional boards should receive State funding for planning activities, and $500,000 is recommended for 1972-73.

They should also receive State funds for such operating purposes as they may establish and which are approved by the Regents and Governor as part of the statewide plan. State funds for operating purposes shall be allocated by the participating institutions out of State aid earmarked especially for that purpose. An amount equal to 5 percent of the "Bundy Aid" available to private institutions and 1 percent of the State funds allocated to public institutions shall be earmarked for use in support of regional cooperative programs developed through the regional boards. In addition the boards may complement such funds through additional institutional contributions, foundation funds, Federal or local government funds or gifts.

5. *Community Colleges*

It is recommended that the State assume financial responsibility for the community colleges as rapidly as fiscal resources permit. Juris-

diction over the community colleges in the City of New York should be transferred to the Board of Higher Education and jurisdiction over the community colleges outside of the City of New York to the State University Board of Trustees.

The present system of county sponsorship is inappropriate for community colleges which are expected to serve a statewide policy of full opportunity. Broader sponsorship would permit each community college to serve a wider geographical area, extending opportunities to students residing in all counties of the State without recourse to a complicated system of county chargebacks for nonresident students. County governments would be able to reallocate tax revenues (largely real estate and sales taxes) to meet other pressing local needs. The transfer of budget responsibility would also permit a more even-handed financing of community colleges in different counties.

6. *New College Construction*

It is recommended that the full range of facilities available at public and private institutions be taken into account before new construction plans are approved. The Regents would provide for such review through the regional boards.

Subject to review and approval as provided under proposal number 4 above, the Regents propose new financing arrangements to expedite badly needed construction, especially in New York City and at community colleges throughout the State.

The inadequate progress being made in implementing The City University construction program is of special concern. Delays in the program have not only created intolerable burdens upon the students attending The City University, but they have cost the taxpayers over $500 million because of rising construction costs.

It is recommended that new construction at community colleges in New York City be financed through The City University Construction Fund.

It is further recommended that debt service costs be covered fully out of tuition revenues with surplus revenues to be made available to finance CUNY's operating budget.

These proposals will relieve the State of annual appropriations to finance debt service costs of the senior institutions and capital construction costs of the 2-year college system.

It is also recommended that construction needs of the community colleges outside of New York City be financed through the State University Construction Fund. This proposal would relieve the State of annual appropriations to finance capital construction for the upstate

community colleges, and it would expedite new construction for the community colleges.

7. *State Financial Aid to Nonpublic Institutions (Article 129, Education Law)*

a. It is recommended that the State continue its general aid to nonpublic colleges for the fiscal year 1972-73 at the present level. It is further recommended that the program be reevaluated during the year in the light of enrollment shifts that are likely to occur if these proposals are implemented.

b. It is recommended that, as the Federal Government establishes a general aid program, the State shift its emphasis on aid for private higher education from aid under Article 129 to categorical aid, thereby supporting programs of study that are more closely related to meeting statewide needs.

c. It is recommended that private institutions receiving aid under Article 129 of the Education Law or enrolling students who receive scholar incentive funds under requirements of proposal number 3.b. (above) come under the same master plan review and approval procedure that is now required of public institutions.

8. *Control Over the Rising Costs of Higher Education*

a. Deep concern is expressed over the rising cost of higher education. Rising costs have resulted in spiraling tuition increases at private institutions and have increased public resistance to support of public higher education. Every member of the academic community — students, faculty members, and administration — have an important stake in establishing effective controls over such cost increases. In so doing, university administrators must be mindful of the need to protect and preserve academic quality through the involvement of faculty and students in the search for necessary economies. Budget reduction made without sensitivity to the academic process can do substantial harm to a college and its programs.

While mindful of this principle and recognizing that the primary responsibility for institutional management rests with the governing board, the Regents press for needed fiscal controls.

Increases in productivity can be accomplished without reductions in educational quality or increases in faculty workloads through consolidation of course offerings, better scheduling, greater use of independent study, rearrangement of the academic calendar, and increasing upper-division enrollments through admission of 2-year college transfer students.

b. All institutions, public and private, would be requested to consider further means of reducing the cost of education to students by establishing such policies as:

(1) Granting full course credit for all college-level credit work completed by transfer students at an institution accredited by a recognized regional or national accrediting institution, provided that a student meets the established course requirements in his major field of study.
(2) Granting recognition of college-level work accomplished through independent study or other means and validated through recognized college level proficiency examinations or testing programs established within the institution.
(3) Establishing programs of study leading to "time-shortened baccalaureate" degrees for students who can achieve the levels of competence required for a baccalaureate degree in less than 4 years.

c. The Regents and the Department have already taken certain steps to bring the rising costs of higher education under control. Some of the steps taken are as follows:

(1) The Commissioner, with the concurrence of the Regents, declared a 1-year moratorium on all new doctoral programs. The Regents have established a Regents Commission on Doctoral Education to review doctoral programs offered in the State of New York with respect to the quality of such programs, their cost-effectiveness, and their accessibility to students. The Regents will reexamine the registration of all doctoral programs this fall after the commission submits its report.
(2) The Department has begun a reexamination of the professional requirements for teacher certification with the objective of reducing the formal course and degree requirements and substituting therefor a system of certification based upon teacher performance.
(3) The Department is encouraging private colleges with small enrollments to combine or seek affiliation with larger institutions, so they may be able to increase their operating effectiveness.

V.

CONCLUSION

As we noted earlier, New York State has achieved a remarkable record of extending higher educational opportunities to an increasing proportion of our young people. Not only has the past decade been characterized by major accomplishments in extending higher educational opportunities, but it has been also a period during which the State's colleges and universities have built the foundation for still greater accomplishments in the years ahead.

We now face a point of collision between the demands for more higher educational opportunities and the resources to provide them. At this time, a bold approach is required so that we may realize the unique potential that New York has in its public and nonpublic higher education institutions.

We have presented in this document a set of principles and objectives and a statement of specific proposals to meet higher education needs in the next years. We urge careful review of these proposals by the Governor, members of the Legislature, the higher education community, and the public as we plan together for the development of higher education in the decade ahead.

NOTE: This position paper was adopted by the Board of Regents on January 26, 1972. Although they are in general agreement with the positions stated in this paper, Regents Clark and Rubin dissented from the proposal to charge tuition at The City University of New York and Regent Power proposed expanded scholar incentive benefits. The full texts of the statements made by these Regents are published in the Regents Journal for January 1972.

APPENDIX A

ILLUSTRATIVE TABLE
Family Income Levels and Proposed Scholar Incentive Awards for Students Attending Public and Private Institutions Under a 2-Year Phase-In Plan Beginning 1972–73

Net Taxable Income*	Scholar Incentive Basic Award**	
	Phase I	Phase II
0–$ 3,000	$1,200	$1,500
$ 3,001– 5,000	1,000	1,300
5,001– 7,000	800	1,100
7,001– 9,000***	600	900
9,001– 11,000	400	700
11,001– 13,000	200	500
13,001– 15,000	100	300
15,001– 20,000	100	100
20,001 and over	0	0

* Illustrative for two-child family only, based on 1971 tax table.

** Award for first two years. Students in junior year will receive awards scaled to 80 percent of the basic award, and those in senior year scaled to 60 percent of the basic award.

*** Full-time undergraduate students from families with net taxable income of $9,000 or less, attending public institutions, will receive scholar incentive awards for the full amount of tuition.

APPENDIX B

Engineering Education in the New York City Metropolitan Area

At their January 1972 meeting, the Board of Regents, after adoption of this position paper, reviewed Education Department staff studies of the problems of higher institutions in the New York City metropolitan area offering programs in engineering, and passed the following resolution:

Whereas, The individual programs of engineering in New York City represent a vital educational resource, and

Whereas, These programs are encountering varying degrees of fiscal difficulty, but a consolidation of these activities would provide opportunities for revitalization of the educational program, the improvement of quality, and the attainment of economy,

Resolved, That the Board of Regents approves in principle the development of an engineering center as a private institution in New York City, consolidating the upper division and graduate programs of participating institutions in the metropolitan area offering engineering education. The Regents recognize that the establishment of such a center depends upon the voluntary participation of the institutions involved and the Board requests the New York City Regional Advisory Council and the staff of the Education Department to undertake developmental work pertaining to the educational, organizational, and fiscal plans necessary to establish such a center.